

ASSEMBLY BILL

No. 2535

Introduced by Assembly Member Steinberg

February 20, 2004

An act to amend Sections 8880.4 and 8880.5 of the Government Code, relating to the California State Lottery.

LEGISLATIVE COUNSEL'S DIGEST

AB 2535, as introduced, Steinberg. California State Lottery.

(1) The California State Lottery Act of 1984 establishes a state lottery that, among other things, provides funds to benefit public education. The act specifies that of the total annual revenues from the sale of state lottery tickets or shares, 50% shall be returned to the public in the form of prizes, as specified, at least 34% shall be allocated to the benefit of public education, as specified, and no more than 16% shall be allocated for the payment of expenses of the lottery as described in the lottery act. Existing law requires that for the 1998–99 fiscal year and each fiscal year thereafter, 50% of any increase in the share of these moneys calculated to the benefit of public education from the amount calculated in the 1997–98 fiscal year be allocated to school districts and community college districts for the purchase of instructional materials on the basis of an equal amount per unit of average daily attendance.

This bill would delete school districts from that provision and instead require that the funds received by each school district under the act shall be used by the district to ensure compliance with specified laws relating to instructional materials and to ensure the availability of textbooks and other instructional materials aligned to academic content standards.

(2) The bill would provide that the changes to the lottery act specified in (1), would take effect only when submitted to and approved

by the voters. The bill would require that its provisions be submitted to the electors at the next statewide election occurring 131 days after this bill is adopted.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 8880.4 of the Government Code is
2 amended to read:

3 8880.4. Revenues of the state lottery shall be allocated as
4 follows:

5 (a) Not less than 84 percent of the total annual revenues from
6 the sale of state lottery tickets or shares shall be returned to the
7 public in the form of prizes and net revenues to benefit public
8 education.

9 (1) Fifty percent of the total annual revenues shall be returned
10 to the public in the form of prizes as described in this chapter.

11 (2) At least 34 percent of the total annual revenues shall be
12 allocated to the benefit of public education, as specified in Section
13 8880.5. However, for the 1998–99 fiscal year and each fiscal year
14 thereafter, 50 percent of any increase in the amount calculated
15 pursuant to this paragraph from the amount calculated in the
16 1997–98 fiscal year shall be allocated to ~~school districts and~~
17 community college districts for the purchase of instructional
18 materials, on the basis of an equal amount per unit of average daily
19 attendance, as defined by law, ~~and through a fair and equitable~~
20 ~~distribution system across grade levels.~~

21 (3) All unclaimed prize money shall revert to the benefit of
22 public education, ~~as provided for in subdivision (e) of Section~~
23 ~~8880.32.~~

24 (4) All of the interest earned upon funds held in the State
25 Lottery Fund shall be allocated to the benefit of public education,
26 as specified in Section 8880.5. This interest is in addition to, and
27 shall not be considered as any part of, the 34 percent of the total
28 annual revenues that is required to be allocated for the benefit of
29 public education as specified in paragraph (2).

30 (5) No more than 16 percent of the total annual revenues shall
31 be allocated for payment of expenses of the lottery as described in
32 this chapter. To the extent that expenses of the lottery are less than

1 16 percent of the total annual revenues, any surplus funds also shall
2 be allocated to the benefit of public education, as specified in this
3 section or in Section 8880.5.

4 (b) Funds allocated for the benefit of public education pursuant
5 to subdivision (a) are in addition to other funds appropriated or
6 required under existing constitutional reservations for educational
7 purposes. No program shall have the amount appropriated to
8 support that program reduced as a result of funds allocated
9 pursuant to subdivision (a). Funds allocated for the benefit of
10 public education pursuant to subdivision (a) shall not supplant
11 funds committed for child development programs.

12 (c) None of the following shall be considered revenues for the
13 purposes of this section:

14 (1) Revenues recorded as a result of a nonmonetary exchange.
15 “Nonmonetary exchange” means a reciprocal transfer, in
16 compliance with generally accepted accounting principles,
17 between the lottery and another entity that results in the lottery
18 acquiring assets or services and the lottery providing assets or
19 services.

20 (2) Reimbursements received by the lottery for the cost of
21 goods or services provided by the lottery that are less than or equal
22 to the cost of the same goods or services provided by the lottery.

23 (d) Reimbursements received in excess of the cost of the same
24 goods and services provided by the lottery, as specified in
25 paragraph (2) of subdivision (c), are not a part of the 34 percent of
26 total annual revenues required to be allocated for the benefit of
27 public education, as specified in paragraph (2) of subdivision (a).
28 However, this amount shall be allocated for the benefit of public
29 education as specified in Section 8880.5.

30 SEC. 2. Section 8880.5 of the Government Code is amended
31 to read:

32 8880.5. Allocations for education:

33 The California State Lottery Education Fund is created within
34 the State Treasury, and is continuously appropriated for carrying
35 out the purposes of this chapter. The Controller shall draw
36 warrants on this fund and distribute them quarterly in the
37 following manner, provided that the payments specified in
38 subdivisions (a) to (g), inclusive, shall be equal per capita
39 amounts.

(a) (1) Payments shall be made directly to public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, or any part thereof, on the basis of an equal amount for each unit of average daily attendance, as defined by law and adjusted pursuant to subdivision (l).

(2) Funds received pursuant to this subdivision shall be used to ensure all of the following:

(A) That textbooks and other instructional materials aligned to academic content standards are available to each pupil.

(B) Compliance with Section 60119 of the Education Code.

(b) Payments shall also be made directly to public school districts serving community colleges, on the basis of an equal amount for each unit of average daily attendance, as defined by law.

(c) Payments shall also be made directly to the Board of Trustees of the California State University on the basis of an amount for each unit of equivalent full-time enrollment. Funds received by the trustees shall be deposited in and expended from the California State University Lottery Education Fund, which is hereby created or, at the discretion of the trustees, deposited in local trust accounts in accordance with subdivision (j) of Section 89721 of the Education Code.

(d) Payments shall also be made directly to the Regents of the University of California on the basis of an amount for each unit of equivalent full-time enrollment.

(e) Payments shall also be made directly to the Board of Directors of the Hastings College of the Law on the basis of an amount for each unit of equivalent full-time enrollment.

(f) Payments shall also be made directly to the Department of the Youth Authority for educational programs serving kindergarten and grades 1 to 12, inclusive, or any part thereof, on the basis of an equal amount for each unit of average daily attendance, as defined by law.

(g) Payments shall also be made directly to the two California Schools for the Deaf, the California School for the Blind, and the three Diagnostic Schools for Neurologically Handicapped Children, on the basis of an amount for each unit of equivalent full-time enrollment.

(h) Payments shall also be made directly to the State Department of Developmental Services and the State Department of Mental Health for clients with developmental or mental disabilities who are enrolled in state hospital education programs, including developmental centers, on the basis of an equal amount for each unit of average daily attendance, as defined by law.

(i) No Budget Act or other statutory provision shall direct that payments for public education made pursuant to this chapter be used for purposes and programs (including workload adjustments and maintenance of the level of service) authorized by Chapters 498, 565, and 1302 of the Statutes of 1983, Chapter 97 or 258 of the Statutes of 1984, or Chapter 1 of the Statutes of the 1983–84 Second Extraordinary Session.

(j) School districts and other agencies receiving funds distributed pursuant to this chapter may at their option utilize funds allocated by this chapter to provide additional funds for those purposes and programs prescribed by subdivision (i) for the purpose of enrichment or expansion.

(k) As a condition of receiving any moneys pursuant to subdivision (a) or (b), each district and county superintendent of schools shall establish a separate account for the receipt and expenditure of those moneys, which account shall be clearly identified as a lottery education account.

(l) Commencing with the 1998–99 fiscal year, and each year thereafter, for the purposes of subdivision (a), average daily attendance shall be increased by the statewide average rate of excused absences for the 1996–97 fiscal year as determined pursuant to the provisions of Chapter 855 of the Statutes of 1997. The statewide average excused absence rate, and the corresponding adjustment factor required for the operation of this subdivision, shall be certified to the State Controller by the Superintendent of Public Instruction.

(m) It is the intent of this chapter that all funds allocated from the California State Lottery Education Fund shall be used exclusively for the education of pupils and students and no funds shall be spent for acquisition of real property, construction of facilities, financing of research, or any other noninstructional purpose.

SEC. 3. Sections 1 and 2 of this act amend the California State Lottery Act of 1984, an initiative statute, and shall become

- 1 effective only when submitted to and approved by the voters.
- 2 Sections 1 and 2 of this act shall be submitted to the electors at the
- 3 next statewide election occurring at least 131 days after this act is
- 4 adopted in the same manner as measures submitted to the voters
- 5 by the Legislature, as provided in the Elections Code.

